

City of Round Rock
City Council Work Session
August 18, 2009 and August 19, 2009

The Round Rock City Council met in Work Session on Tuesday, August 18, 2009, in the City Council Chamber, 221 E. Main Street.

CALL SESSION TO ORDER – 8:00 A.M.

Mayor McGraw called the meeting to order at 8:04 a.m.

ROLL CALL: Those members present were Mayor Alan McGraw, Mayor Pro-Tem Joe Clifford, Councilmember Rufus Honeycutt, Councilmember George White, Councilmember Carlos T. Salinas, Councilmember John Moman and Councilmember Kris Whitfield. Also present were City Manager Jim Nuse, Assistant Manager David Kautz, Assistant City Manager Cindy Demers, and City Attorney Steve Sheets.

WORK SESSION:

CONSIDER OPENING REMARKS BY CITY MANAGER

PRESENTATION:

4A. Consider a presentation and discussion regarding the 2009-2010 Proposed Budget.

David Kautz, City Manager gave a brief introduction to the budget discussion and talked about the issues currently facing the City regarding the budget. Mr. Kautz said that the discussion at this retreat will revolve around the current and next year's budget and overall financial management. He then introduced Cheryl Delaney, Finance Director.

Ms. Delaney continued the discussion and started by going over some highlights of the 2008-2009 budget year. She continued with a summary of 2009-2010 budgets and started with the Utility budget and the water/wastewater rates. Next she covered the hotel occupancy tax proposed budget for 2009-2010. Councilmember Honeycutt requested a discussion about the environment before Ms. Delaney moves on to the General Fund and he started with talking about how environment is not necessarily market driven, but is more impacted by the change in Dell's business model and the decline in retail due to surrounding cities increasing their retail around us. He also touched on the real estate environment in Round Rock and reiterated that our economic condition is from different from most cities around us. Jim Nuse, City Manager also talked about the huge investment that the City has in the Northeast corridor of the City and in upcoming years we should begin to a return on our investment. Ms. Delaney continued the discussion and started with a summary of the 209-2010 General Fund. The proposed General Fund budget for the next fiscal year is \$84.3M with a sales tax increase of 1 cent over the effective rate. Ms. Delaney also went over sales tax projections for the next year and showed a

continued decline in both the Dell sales tax revenue and sales tax revenue from the rest of the city.

Property taxes were also discussed and then Ms. Delaney moved on to some benchmark comparisons of Round Rock and other surrounding cities. Next, service level enhancements that have been realized from the Dell dividends were discussed.

The Council broke for a short break before continuing their discussion regarding the “rainy day fund.”

Jim Nuse, City Manager started the discussion on “When is it Raining?” and began with a list of national city highlights and reminded everyone how many cities would be very envious of our city’s position in this economic downturn. The discussion revolved around the City’s savings fund and when to use it. Councilmember began by asking, if the City were to use some of this fund, where would it be used? After discussion on levels of service and current stats, the Mayor asked if the Council needs to come up with what is a rainy day. After much discussion by the Council, Ms. Delaney went over a challenge which is to proactively reduce the reliance on Dell sales tax revenue while controlling expenses in a growing community. She then showed the Council a chart from 2010 to 2017 and the deficit the city would face as they reduce the reliance on Dell. The challenge is to figure out how to balance the budget and reduce the reliance on Dell at the same time. The tools available to the City to achieve a balanced budget are Economic Development activities, strategically increase the property tax rate, fund balance strategic usage, increase fees, and reduce service levels. This discussion started with economic development, and Joe Vining, Round Rock Chamber of Commerce VP talked briefly to the Council regarding some economic development opportunities on the horizon. The discussion then moved to how much the City should contribute towards the Momentum Fund. The City Council discussed if they are comfortable with \$200,000 of City money going to the Momentum Fund. The City Council broke for a short break at 11:40 a.m. for lunch.

STATE LEGISLATIVE UPDATE

The Council continued their discussion with Susan Rocha, city lobbyist reporting to the council on important legislative actions. She provided a final report on the 81st Legislative Session. The session ended on June 1, 2009. The Governor called a special session in early July that lasted three days. She provided a brief report on the Voter ID which was one of the most controversial issues. Ms. Rocha reported on appraisal and revenue caps, red light cameras, and local option transportation funding. She also provided details regarding the funding that was approved for Texas State HEC totaling \$17

million. The red light cameras information was included in the Conference Committee Report however, the bill did not pass. Streamlined Line Sales Tax did not make it into a bill. A kiosk amendment did assist Round Rock. No legislation introduced by LCRA. One last issue fire flow and public water entities has reach a critical mass discussing how to deal with special districts in providing water to city's CCN's. Ms. Rocha suggested having two members on the Natural Resource committee to continue the dialogue regarding water issues. Some public safety bills she covered were regarding graffiti, cell phones and vehicle booting. Lastly she covered two utilities bills regarding sewer backups and the TCEQ water quality fee

At the conclusion of the legislative update, the Council resumed talks regarding the 2009-2010 budget. The plan as presented to the Council is to gradually lower the percentage of Dell sales tax revenue from 39% in 2010 to 20% in 2017 and property tax would be adjusted to make up for the shrinking Dell component. If more revenue is being realized by Dell, then it would go to the self financed construction fund.

Regarding the 2009-2010, budget the Council discussed whether or not to take Dell down to 10% drop, the change in property taxes would mean an increase of 1.38 cents. Councilmember Salinas expressed some concern in projecting that the rest of the city sales tax would only be down 3% and whether or not that should be a bigger decrease. The Council discussed several scenarios regarding the property tax rate and decided on a maximum rate of 39.661 cents.

RESOLUTION:

5A. Consider a resolution scheduling public hearings on the proposed 2009 property tax rate.

MOTION: Councilmember Honeycutt moved to approve the resolution with the change in the exhibit to 39.661 for the maximum rate. Councilmember Salinas seconded the motion.

<u>VOTE:</u>	Ayes:	Councilmember Honeycutt Councilmember White Councilmember Salinas Councilmember Whitfield Mayor Pro-Tem Clifford Mayor McGraw
	Nays:	None
	Absent:	Councilmember Moman

ACTION: The motion carried unanimously.

CONSIDER PRESENTATION AND DISCUSSION REGARDING THE CITY'S STRATEGIC PLAN:

Jim Nuse, City Manager, gave a brief introduction on the topics and turned it over to Cindy Demers, Assistant City Manager who provided background on the strategic plan and the next phase. She started with the vision for the City and then covered the highest priority goals set by the City Council before adoption of the plan.

7A. Goals and Plan Management

Ms. Demers informed the Council of how the plan organization is working now and how it is being managed. Right now, the operational plans include objectives for each goal, tasks for each objective, task lead, team, time frame, budget adjustments, etc. She then covered the IT Department initiative and went through the scorecard that is being developed and then went through the next steps.

7B. Technology

Cindy Demers gave a brief introduction of how high value government is achieved through technology by identifying efficiency gains, improving organizational effectiveness, and enhancing the customer experience. Daniel Saucedo then gave a technology update to the City Council. He started by covering technology alignment – specifically streamlining business processes, eliminating redundancy and optimizing staff time. He then moved on to the technology investments that are being planned to achieve the goals and went over a proposed project cost summary.

Councilmember Moman arrived at the retreat late in the afternoon on Tuesday, August 18th.

7C. Organizational Assessment

Herb Marlowe led this discussion and started the organizational discussion with MBOs (Management By Objective) and the evolution of MBOs. He talked in depth on balanced scorecards and the importance to organizational assessments. Mr. Marlowe went through the four parts of a balanced scorecard. He stressed that you cannot look at just one part, it has to be looked at as a whole. He then went through the purpose of Managing for Results and the components as well as the executive session format for the City Manager's evaluation. After discussing the balanced scorecards, Mr. Marlowe moved on to the concept of stretch goals. He then went over a schedule regarding the City Manager's executive session.

The City Council recessed the meeting at 4:47 p.m. until Wednesday, August 19th.

The City Council retreat resumed at 8:05 a.m. on Wednesday, August 19, 2009.

Councilmember Honeycutt was absent from this day of the City Council retreat.

CONSIDER PRESENTATION AND DISCUSSION REGARDING THE FOLLOWING TOPICS:

Cindy Demers began the discussion on development review and talked about how this ties to the strategic plan. She then went through what would be discussed during day

8A. Results of the General Plan Public Participation Process

Nathaniel Strasburg began the presentation on the public participation process by defining what the General Plan is and its purpose in the City. The General Plan is updated every ten years and was last adopted in 1999. He also went over how the general plan ties to the City's strategic plan. Mr. Strasburg then moved into how the public input was gathered through a statistically valid phone survey and public meetings. He then went through each question asked during the phone survey and what the results were for each. Next he went through the wrap up meetings and focus group input results. 102 people attended the wrap up meeting made up of people from various areas and groups in the City. Mr. Strasburg went through each of the items discussed by the focus groups, the common themes between the phone survey and the group meetings and then tied it all to the strategic plan and what goals each falls in to. He also gave everyone the web address www.roundrocktexas.gov/generalplan to get the most up to date information on the General Plan updating Process. The City Council discussed the findings of the public input process and Jim Stendebach and Nathaniel Strasburg answered questions posed by the Council.

8B. Development Process Update

Herb Marlowe then facilitated a discussion among the Council regarding the takeaways that they got from the results. Much of the discussion revolved around the age of the participants and the development in the northeast corridor and how the student population will affect what the city looks like in the years to come.

Mr. Marlow then discussed strategic plan goal 4 and began with the challenge of defining quality. Susan Brennan presented quality features regarding development and obtained the Council's opinions. She began with building types and explained that staff compiled pictures of various building designs and quality assessment based on building design, building materials, signage, screening for roof-top and ground service equipment, compatibility fencing, parking lot landscaping and pond design. She then went over the City's current code and then moved on to the different levels of building design moving from level 1 to level 4. The City Council broke into groups with some city staff members included and discussed the levels of building design presented, as well as signs and roof equipment screening.

The retreat broke for lunch at 11:26am

FEDERAL LEGISLATIVE UPDATE

Congressman John Carter spoke to the retreat attendees during lunch. He started off speaking about the changes in the student loan program. He stated that the change will make it only possible to borrow money for student loans through the government. He explained a little bit about how they will work and then answered questions posed by the attendees. Congressman Carter then moved on to the healthcare plan. He gave a brief overview and again answered questions posed to him.

The Council reconvened discussions regarding the development process at 1:05 p.m.

8B. Development Process Update

The discussion continued with ground services screening, compatibility fencing, parking lot perimeter landscaping, and lastly rehabilitation and redevelopment. The same format as the morning was done in the afternoon. Susan Brenan and Herb Marlowe wrapped up the presentation on design standards.

Brad Wiseman gave a presentation to the Council regarding the conflicts between the landscape ordinance and the tree technical manual. Cindy Demers, Assistant City Manager then led a discussion on the process of the Development Process update beginning with the level of assistance staff should give to persons going through the development process. Next they moved to the enforcement of codes and ordinances – should the City have more proactive enforcement – regulatory framework. Cindy Demers then went over the development project plan, which is to continue the conversation with the City Council regarding development philosophy, draft development philosophy statement for Council approval, interim changes as a result of feedback; such as website update, DRC submittal schedule, separation of DRC comments and then conduct project analysis using external volunteer development professionals. In addition, city staff and chamber develop work groups will meet on the topics, begin identifying development “best practices” for Round Rock and procurement and implement land and asset management software.

8C. Development Philosophy Discussion

Herb Marlowe led the discussion on the development philosophy and Council discussed the elements they would like to see in the philosophy. This discussion will be continued in the future as the philosophy is developed.

CONSIDER PRESENTATION AND DISCUSSION REGARDING THE FOLLOWING TOPICS:

10F. Downtown Master Plan Update

Will Hampton, Communications director started with an update on the draft of the Downtown Master Plan. He reviewed the meetings that have taken place with the City Council, Planning & Zoning Commission, Historic Preservation Commission and the public. There was an open house that took place on July 29th and 30th. Mr. Hampton then went over some details of that open house. He reported that there were 110 participants, 62% of which did not attend the charettes and there were 40 pages of written input received from the public at the meeting. He then went through areas of the plan that were discussed the received feedback and the Mission and Vision of the plan. Next he talked about land use and regulations. The goal is to create mixed use, walkable, and denser development. Mr. Hampton went through the schedule for the plan which includes taking the input and bundling it all and sending it back to the consultant. He then answered questions posed by the Council.

10G. Water/Wastewater Utility Update

Michael Thane, Water/Wastewater Utilities Director gave an update on the City's water/water system. He started with an update on the Brushy Creek Regional Wastewater System. The goal is to get the ownership back to the three regional partners (Round Rock, Cedar Park, and Austin). There are two sub-regional customers of the partners who are Brushy Creek MUD and Fern Bluff MUD. He then went over the details of the MOU that was signed with the LCRA in June of 2009. The cost to buy the system is 2.8 Million and the transaction should close December 8, 2009. Next he moved on to a water supply update and just touched on a few highlights and current status. Lake Georgetown is 22 feet below its normal level. The average daily water demand for Round Rock for July is 49mgd. He reported that due to the inability to pump enough water from Lake Stillhouse Hollow and the amount of water being taken out of Lake Georgetown, it is dropping about a foot a week. Mr. Thane informed the Council that the City has been in stage 1 voluntary water management and will be going stage 2 which is mandatory. This is regulated by ordinance and persons can be fined if the ordinance is not followed. He went through the triggers that would make us go stage 3.

Mr. Thane then moved to the regional water system and gave an update and went over the Phase 1A schedule as well as recent activities of the BCRUA. He reported that the Due Diligence phase 2 for the Site 4 that was chosen for the deep water intake site is currently in progress to make sure that is the best site. He then discussed the percentage of ownership for the plant as well as the number

members on the board. There has been talk of adding more board members – currently there are 3 so none of them can communicate at all.

10H. Special Events Center Update

Jim Nuse, City Manager gave a brief update on the special events center and possible size and uses of a center.

10I. Discussion on Boards and Commissions

Jim Nuse, City Manager led this discussion on how the boards and commissions are appointed. Discussion surrounded on changing the timing of the appointments and the use of applications specific to each board or commission.

ADJOURNMENT

There being no further business, the meeting adjourned at 5:01 p.m.

Respectfully Submitted,

Sara L. White, City Secretary